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C O N F I D E N T I A L LAGOS 000366

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DOE FOR GPERSON, CHAYLOCK

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TAGS: [EPET](#) [ENRG](#) [PGOV](#) [EFIN](#) [PINR](#) [NI](#)

SUBJECT: NIGERIA: MILITANT ATTACKS REDUCE OIL PRODUCTION

Classified By: Consul General Donna M. Blair for reasons 1.4 (B) and (D)
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[1](#)1. (C) Summary: Chevron Nigeria's Acting Managing Director Andrew Fawthrop (strictly protect) said his company has lost 30,000 barrels per day of oil production recently and he estimates Nigeria's total daily production has fallen to 1.6 to 1.7 million barrels per day. He said recent events in Rivers State (septel) were the result of a sustained push by Rivers State Governor Rotimi Amaechi to wipe out militants in Rivers State. Fawthrop expects the violence to drag on for weeks or months and likely intensify. End Summary

[1](#)2. (C) Chevron Nigeria Limited Acting Managing Director told Energyoff on September 17 that the fighting in Rivers State has caused Chevron to shut in 30,000 barrels per day (bpd) of crude oil production from three oilfields. He believes Shell has shut-in eight oilfields and total Nigerian oil production has fallen to between 1.6 and 1.7 million bpd. (Note: Oil production averaged 1.9 million bpd in August. End Note.) If the equipment in the shut-in oil fields is damaged by local community members or militants, Fawthrop said his company would not reopen them; the fields are too small and too old to make repairs cost effective. He speculated that Shell would be in the same situation with approximately half of its shut-in fields.

[1](#)3. (C) Fawthrop and other top Chevron officials met with Rivers State Deputy Governor Telenyem Ikuru on September 15 to discuss attacks that took place over the previous weekend. The Deputy Governor told Chevron that the violence was the result of an initiative by Rivers State Governor Rotimi Amaechi to drive the militants from the creeks, after a more or less successful campaign that drove the militant fighters from the Port Harcourt area. (Note: The governor had been scheduled to meet with Chevron, but reportedly was called to Abuja to meet with President Yar'Adua about the situation in Rivers State. End Note.) According to Fawthrop, Amaechi is the motive force behind the renewed Joint Task Force (JTF) assault on militant groups, supported by military commanders tired of the GON's passive approach to the militancy. Fawthrop believes civilians in the Federal Government are cautiously following Amaechi's lead. He also said local military units have been reinforced with new gunboats, helicopters, and light arms in preparation for a sustained campaign.

[1](#)4. (C) Fawthrop believes militants from camps in Bayelsa State are joining the fight on behalf of militant commanders

in Rivers State. Militant leaders in Delta State have kept their members in the camps and refused, so far, to participate. Fawthrop believes fighting could spill over into neighboring Bayelsa State as community members and militants flee ongoing violence. He anticipated the violence would continue for weeks or months and is likely to intensify. Additional production cuts are possible as more oilfields are shut-in.

¶5. (C) On the September 14 attack on the Robertkiri flowstation, Fawthrop said the militants actually attacked a houseboat housing JTF troops guarding the station and not the flow station itself, which, to Fawthrop, indicated the militants were more interested in confronting the JTF than stopping the flow of oil directly. He acknowledged that the pipeline system is extremely vulnerable to attack; the JTF forces are mainly concentrated in camps near oil installations leaving the pipelines largely undefended and unpatrolled. (Note: Fawthrop was scheduled to fly to Abuja to meet with the new Chief of Defense Staff on September 18. End Note.)

¶6. (C) Comment: A sustained cut in production (along with lower oil prices) means lower revenues to all levels of the Nigerian government. The Federal Government has a cash cushion; the states most likely do not. Fawthrop said Amaechi is willing to accept short term financial pain if it means destroying the militancy. Other state governors may not agree. End Comment.
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